

Mfolozi Municipality



Annual Report
2010 - 2011

GENERAL INFORMATION

Municipal Manager:	Mr Mandla Nkosi
Registered Office:	Mfolozi Municipal Offices
Physical address:	25 Bredelia Street, KwaMbonambi, 3915
Postal address:	PO Box 96, KwaMbonambi
Telephone:	035 580 1421
Fax number:	035 580 1141
e-mail address:	<u>nkosim@mbonambi.co.za</u>
Grading of Local Authority:	Grade 2
Bank: ABSA Bank	La Lucia Ridge 4019 4 Frosterney Crescent La Lucia
Auditors:	Auditor-General of the Republic of South Africa

PLEASE NOTE: No municipal logos reflect in this Annual General Report due to a municipal name change some months ago – these matters are being dealt with by the State Herald.

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Mayor SW Mgenge has dedicated his civic life to bringing speedier and more efficient service delivery to the communities of Mfolozi

Overview by His Worship the Mayor of Mfolozi – Councillor SW Mgenge

It is my great pleasure to report on the progress made by the Mfolozi Municipality in the financial year of review 2010/2011.

The first comment is that all our projects and developments are completely in line with the development strategies of the national and provincial governments, of which we as local authorities are the third sphere. As such, Mfolozi Council must be fully attuned to the prevailing priorities across a very broad development spectrum and must be ready to advise and consent at all times.

Our first and main guideline is to ensure that alignment between the service levels of government is always maintained. There must however be sufficient institutional flexibility to adapt or speed up our integrated development plans as we mesh the stated needs of the people with the broad resources of our mandates. Throughout the implementation of the development process there must be a crisp awareness of the needs of the residents in our area of jurisdiction.

This is ensured by regular meetings, newsletters and media releases informing the residents of plans and at the same time learning of their needs, and their responses to programmes being implemented.

The year was characterized by two general streams of activity being on the one hand a continuation of remedial steps taken to turn around the financial challenges of the local authority while at the same time implementing a number of service delivery actions. These actions are detailed in the body of this report.

It needs to be emphasised that the Mfolozi Municipality is dedicated to achieving a clean audit by 2012 long before the request by the national government in this regard. No efforts have been spared to achieve this and all departments are closely monitored to ensure that the detailed turn-round strategies are distilled into implementable plans. It is most commendable that the staff have responded so positively to the challenges to strictly observe budgetary parameters, suggest cost-saving measures and to propose improvements to the financial systems.

By far the most impressive project with which the Mfolozi Municipality is involved, is the N2 Development which is, thanks to the contracting parties, unfolding according to plan. The Municipality is closely involved in every aspect of the development and is contributing 8%

towards the cost of the new interchange. The site for the development was duly handed over last year and my administration will ensure that local labour is employed in the ongoing tertiary projects which emanate from this epoch-making development which will change the face of KwaMbonambi.

On the social front 21 projects, in all thirteen Wards, including crèches, libraries, pay points, playgrounds and bus shelters were erected at a cost of more than R10-million.

A few years ago the municipality launched an eleven-point housing plan, one of which was directly linked with the national government's urban slum clearance policies. The other eleven points are housing developments in rural areas which all received the necessary funding approvals.

Under this plan thousands of homes are being, or have been built in Mbonambi Newtown, Mhlana/Masakhisane, Dondotha, Mvamanzi, Cwaka, Hlanzeni, Mzingazi, Ndlabeyilandula, Sabokwe and Sibuluwane while thousands more were planned and approved for Cinci, Ocilwane, Makhwezini and Nozambula.

Transformation and Institutional initiatives were successfully implemented and bursary programmes put in place for individuals and communities.

Our staff were assessed according to the strict requirements of the Performance Assessment Panels while special programmes continue to further develop women, the aged and the youth of the area. In this manner further planning went into the Mthiyane Tourist Centre, the Cwaka Lodge, and the Hlabane Beach Access point.

Town Planning initiatives were re-visited in the light of new realities and the town of KwaMbonambi's residential needs and potential were not ignored. Throughout, meetings were held with the local Tribal Authorities to keep traditional leadership informed.

On the 18th of May the Local Authority Elections were held nationwide and Mfolozi officials magnificently played the part required by them from the Independent Electoral Commission.

A new political leadership was elected and as its first Mayor I dedicate myself and my Council to continue and to improve and speed up the development work which was started by this Municipality from scratch when it took office in 2000 as the Mbonambi Municipality.

With the dedication of officials and Councillors I have every confidence that these hopes will materialise.

Signed Cllr SW Mgenge

Mayor of Mfolozi Municipality

Mfolozi Council



The Mayor Cllr SW Mgenge emphasises that very little revenue is generated from the narrow tax-base of the Mfolozi Municipality and that diligent administration of all available finances is of the utmost importance

MFOLOZI MUNICIPALITY COUNCILLORS

NAME	PARTY	SEAT	POSTAL ADDRESS	DESIGNATION	HOME PHONE	WORK PHONE	FAX	CELL PHONE
ME NTSHANGASE 441112 0307 082	ANC	W1	PO Box 681, Kwambonambi, 3910	ExCO				078 276 3482
NC MTHEMBU 590904 5784 086	ANC	W2	PO Box 7295, Empangeni Rail, 3810		035 580 1396			083 735 1599
B MTHIYANE 710127 5572 088	ANC	W3	PO Box 10908, Meerensee, 3901					083 358 2128
ZR MSANE 680828 5436 085	ANC	W4	PO Box 631, Kwambonambi, 3915					083 773 8014
EBZ MBELE 741226 0985 080	ANC	W5	PO Box 10246, Meerensee, 3901					073 649 1667
MM MBUYAZI 590607 5829 088	ANC	W6	PO Box 10349, Meerensee, 3910					073 773 7264
ESW MTHIMKULU 520914 5737 088	ANC	W7	PO Box 800, Empangeni, 3880					082 220 6344
SP MAKHANYA 720326 5571 086	ANC	W8	PO Box 9762, Nozambula Reserve, Kwambonambi, 3915					083 542 3130
FPB MPUNGOSE 580223 5826 082	IFP	W9	PO Box 2494, Empangeni, 3880	ExCO		035 580 9792		083 695 0038
B MNQAYI 790310 6289 083	IFP	W10	PO Box 5582, Kwambonambi, 3915					083 464 5030
SW MNGENGE 660508 5582 088	ANC	W11	PO Box 3318, Mtubatuba, 3935	MAYOR		035 793 3208	086 751 3013	082 550 7506
XM BHENGU 740910 5565 085	IFP	W12	PO Box 334, Kwambonambi, 3915					083 510 8060/ 083 974 2669
JM NDI MANDE 590731 5443 086	IFP	W13	PO Box 84636, Empangeni, 3880					073 532 9974
NR MBUYAZI 760513 5313 087	ANC	W14	PO Box 10647, Meerensee, 3901					073 639 9462
FM THUSI 851209 5656 084	IFP	W15	PO Box 70058, Empangeni, 3880	ExCO				083 552 5808
ZD MFUSI 670225 5432 085	ANC	PR	PO Box 10764, Meerensee, 3901	SPEAKER				078 448 7427
ZF MKHWANAZI 561129 5441 082	ANC	PR	PO Box 730, Kwambonambi, 3915					072 514 0128

NAME	PARTY	SEAT	POSTAL ADDRESS	DESIGNATION	HOME PHONE	WORK PHONE	FAX	CELL PHONE
BT MNQAYI 570104 6058 085	ANC	PR	PO Box 2258, Richards Bay, 3900	ExCO				082 483 9896
ZG MCINEKA 660605 0553 088	ANC	PR	PO Box 60256, Richards Bay, 3900					073 324 9346
NT NTHIYANE 741018 0290 086	ANC	PR	PO Box 1069, Meerensee, 3901					073 035 8849
SR THABETHE 691216 0932 083	ANC	PR	PO Box 5844, Richards Bay, 3900					073 610 7136
SK NGEMA 821225 5706 080	NFP	PR	PO Box 407, Kwambonambi, 3915	ExCO				073 434 9195
SB CELE 720322 5459 083	NFP	PR	PO Box 40848, Richards Bay, 3901					078 278 6157
TD NDIMANDE 830702 5255 083	IFP	PR	PO Box 863, Empangeni, 3880					073 449 7001
TS GUMEDE 640203 5533 084	IFP	PR	PO Box 8038, Empangeni, 3880			035 795 1225	035 795 1299	076 091 1829
TM BIYELA 660730 5386 084	IFP	PR	PO Box 190, Kwambonambi, 3915					083 544 2992/ 083 677 0129
DZS MNTAMBO 690712 5442 087	ANC	PR	PO Box 20168, Empangeni, 3800					083 475 1358
TE MHLONGO 610623 0542 085	IFP	PR	PO Box 8127, Empangeni Rail, 3880					082 728 8211
NW MTHETWA 800415 0419 087	NFP	PR	PO Box 1059, Empangeni, 3880					073 528 4488
FX CHONCO 740605 5553 087	IFP	PR	PO Box 6040, Richards Bay, 3900					083 471 2545/ 083 249 2248

NUMBER OF COUNCILLORS: 30

WARD COUNCILLORS : 15

ANC : 17

IFP : 10

NFP : 3



Mr Mandla Nkosi, who has been at the helm of the local authority for more than a decade

Municipal Manager's Overview of Municipal Activities in the year under review for the Mfolozi Local Authority: 2010/2011 ANNUAL OPMS REPORT

1. Overview

Financial year for 2010/2011, the office of the Municipal Manager took responsibility for the following Strategic Key Performance Areas (KPA's):

- Basic Service Delivery (Infrastructure);
- Municipal Institutional Development & Transformation;
- Social and Economic Development;
- Financial Viability & Management;
- Good Governance & Community Participation.

1.1 Basic Service Delivery (Infrastructure)

The 2010/2011 financial year saw the fourth quarter review being conducted for 2010/2011 with financial challenges and continued various Turn-Around Strategies, internal as well as external (CoGTA).

The annual review process took into consideration the Vision, Mission and the 5 Key Strategies which in essence are the 5 building blocks of the IDP's. These 5 Key Strategies are fundamentally aligned with the 5 Key Performance Areas of National Government as well as the 6 Key Performance Areas of the KwaZulu-Natal Provincial Government.

1.1.1 MIG Projects

The municipality received a conditional Municipal Infrastructure Grant of R10.451-m from CoGTA for the 2010/2011 financial year and successfully implemented 21 projects throughout all thirteen wards which included:

- 9 Crèches,
- 3 Libraries,
- 4 Pay points Shelters,
- 4 Small Playground (soccer fields), and
- 4 Bus Shelters

These projects commenced in December 2010 and expenditure was effected in June 2011.

1.1.2 Low Income Housing

Six years ago the municipality developed a Housing Plan and embarked on eleven housing projects. One of these projects entailed slum clearance and all the other projects are rural housing projects and their details are as follows:

- Mbonambi Newtown (slum clearance) – This project started in 2007 after receiving the DFA approval and 276 of the 507 approved houses were completed on the first portion that had no restrictions due to squatter occupation. The municipality received approval for the remainder in May 2010 from the Department Housing and the contractor started on site soon thereafter for construction purposes. Negotiations to acquire a further portion of land to facilitate the construction were started by Municipality. The objective of these negotiations is to achieve full slum clearance.
- Mhlana/Masakhisane Rural Housing – A total of 450 of the 1,000 approved beneficiaries received houses at the end of January 2011 and steps were taken by the municipality to increase delivery of houses.
- Dondotha, Mvamanzi, and Cwaka, Nzalabantu Rural Housing – These projects are in various stages of application. They consist of 1,000 houses each.

- Hlanzeni, Mzingazi, Ndlabeyilandula, Sabokwe and Sibululwane Rural Housing – Each of these projects has its own challenges ranging from land tenure to re-advertisements due to unsuccessful agents and each consists of 1,000 houses.

A further four rural housing projects have since been identified consisting of 1,000 houses each. The municipality has advertised to appoint proficient implementing agents for the planning, approvals and construction. These projects are located in:

- Cinci,
- Ocilwane,
- Makhwezini, and
- Nozambula.

More progress would have been possible in these projects were it not for the contractor who was terminated and a new one appointed.

1.1.3 N2 Development

An application for the subdivision of the property was lodged through the Department of Provincial and Local Government (Development and Administration) and the Section 28 certificate was obtained in 2009/2010 financial year. A sales agreement for the land was signed between Mfolozi Municipality and Empophomeni Property Investments Holdings. At the moment the process is at final stages of transfer it and we understood that the commencements of Development would be started in 2011/2012.

The detailed development plan will be submitted to Municipality Council as soon as the transfer of land has been concluded and all statutory requirements will be met before construction can commence.

1.1.4 N2 Interchange

A need arose to build a 3-span bridge over the N2 National Road intersecting the P232 Provincial Road at Kwambonambi due to the high level of fatal accidents at this intersection. The municipality embarked on a campaign to promote the project to SANRAL which is the authority responsible for the development of the N2. After several meetings and correspondence to SANRAL, the project was approved.

The estimated price for the project was determined to be R80m of which the municipality would contribute 8% to the value of R6.4m. The remainder capital costs would be shared between SANRAL and the Department of Transport as agreed between them. An agreement between SANRAL and the municipality was signed in the 2009/2010 financial year.

The municipal contribution would be shared between the municipality and two major stakeholders/developers, i.e. Empophomeni Property Investments Holdings for the N2 Development and Moya Mara Country Estate in equal parts which will benefit directly from the interchange.

All aspects were considered by SANRAL including a contribution towards social development and therefore a certain amount was set aside in their bid document for this reason.

SANRAL, through their supply chain management, appointed Rumdell Construction for the project and the site was handed over in July 2010. An official sod turning ceremony took place early August where the relevant dignitaries had the honour to declare the start of the project.

1.2 Municipal Institutional Development & Transformation

The review process required the revision of all programmes and participating projects through community and stakeholder participation. One on one alignment meetings were held with national and provincial government departments, parastatals and service utilities. The municipality also embarked on IDP / Budget Roadshow campaigns throughout the municipal area. The first round looked at the compilation of the IDP Review in order to receive input from the process and the second round looked at alignment budget to inform communities.

All legislative requirements and time-frames in respect of the IDP Process plan, IDP Roadmap and the finalisation, adoption and submission of the IDP Review were successfully complied with, and the final IDP Review was submitted to the KZN DLGTA by the deadline of 10 June 2011.

The capacity Building programmes took place along the following lines:

- Workshop on policy for Ward Committees Elections and Operations were also developed and approved by Council in June 2011.
- Training Committee Meetings scheduled quarterly for input and recommendations;
- Bursary Applications – adhoc as and when required by officials who wanted to enhance their skills and empower their knowledge base with the said competencies;
- Community Bursaries – in place – in co-ordination with Council.

The 2010/2011 financial year experiences saw the fourth year of Mfolozi Municipality measuring the performance of the Municipal Manager and the three heads of Department (Section 57 Managers) in terms of the Municipal Performance Regulations for Municipal Managers and Managers directly reporting to Municipal Managers dated 1 August 2006. In terms of the provisions of the regulations each Section 57 Manager entered into a Performance Agreement within the specified period for the 2010/2011 financial year. However there were challenges of non-attendance by some members of the PMS Audits Committee. Our feeling was that elections had influences on quorums of the PMS Audits Committee.

The performance regulations necessitate a municipality to formally assess performance of its Section 57 Managers for every quarter in respect of a financial year under review. In the case of Mfolozi Municipality all four quarterly performance assessments were carried out by Performance Assessment Panels, constituted in accordance with the said regulations. The performance assessment results were audited by the municipality's internal auditors.

For 2011/2012 financial year preparations are once again in place to conduct performance assessments four times, once per quarter, during the year and all Section 57 Performance Agreements will be entered into in accordance with legislative provisions.

The municipality successfully participated in the Provincial Corridor Development Fund and raised R3-m towards the construction of the new Council Chambers and offices, R5.42-m towards co-funding of the Saligna Crescent road improvement project and R0.7-m towards the Rehabilitation and Closure of the Old Waste Landfill Site. These unique projects are all aimed at fostering the development within the Mfolozi Municipality.

1.3 Social and Economic Development

The officials took it upon themselves to develop the Women, Disabled and Aged Development Plan due to funding constraints. This was taken to Council for a resolution.

HIV/AIDS reviewed internally with the co-ordination of the various sub committees such as the NGO's, Local Aids Committee and various other stakeholders. This document was duly submitted to Council for a resolution.

1.3.1 Special programmes for economic growth and development

The municipality has embarked on several tourism projects as follows:

➤ **Mthiyane Tourist Centre**

This project is located at the lighthouse on the North- Eastern end of Ward 1, Mfolozi. It will consist of a tourist information centre, lodging and restaurant facilities. A developer has been approved through the Municipal Supply Chain Management to implement the project within all statutory requirements. A long term lease is negotiated with Transnet Properties to ensure the success of the project.

➤ **Hlabane Beach Access Point**

The existing beach access is of an informal nature and has a negative impact on the environment in the area. A formal beach access point is therefore essential to manage the environment. The municipality is in the process of signing a memorandum of agreement between the Department Environmental Affairs which is the funder and KZN Wildlife which is the authority over the area.

An implementing agent has been appointed through the Municipal Supply Chain Management to conduct all necessary specialist studies to make this project possible.

The investment and Marketing Plan will be completed during the financial year 2011/2012 when funding becomes available.

1.3.2 Spatial Development Framework (SDF) and Land Use Management System (LUMS)

Previously the Town Planning Scheme Clauses were only applicable for the proclaimed town area. Umfolozi Municipality envisages converting the available LUMS into scheme clauses for the entire municipality. This project will unfold for the next 5 years as prescribed by the KwaZulu Natal Planning and Development Act (Act 6, 2008) (PDA).

The review of the Town Planning Scheme (LUMS) was completed and it is in line with the amended PDA.

The SDF was successfully reviewed, it was completed June 2011. The SDF is to highlight the envisaged residential development within and around the existing town of Kwambonambi as well as the proposed Industrial Node around the Nseleni train station.

1.4 Municipal Financial Viability & Management

The Office of the Auditor-General laid down the requirement that Mfolozi Municipality should develop a Fraud Prevention Strategy; this was developed and submitted for resolution. The financial plan for 2011/2012 was developed and finalized.

Midyear adjustment of the Budget was done during December 2010 and taken to Council for their input and resolution.

A turnaround strategy was put in place internally (financial department) as well as externally (CoGTA). The current financial year has seen its challenges but we are happy and committed to indicate that the year 2010/2011 has vastly improved in terms of the requirements of the Audit Report.

Public meetings were also held for three Tribal Authorities to keep the communities informed of progress made and plans implemented.

1.5 Good Governance & Community Participation

The IDP for year 2011/2012 was approved by Council during June 2011. IDP/Budget road shows were undertaken in May 2011.

1.6 NON STATUTORY REPORTING ON OVER AND ABOVE ACHIEVEMENTS FOR 2010/2011

JULY 2010

- Budget for the year approved in May 2010. Operations in motion.
- Building of new Council Chambers valued at R3-million was approved and are in use.
- Eskom Electrification Project Handover Ward 10.
- Section 12 Notice Gazetted Mbonambi Municipality now which is called as Mfolozi Municipality. Changing of brand internally without outsourcing.

AUGUST 2010

- Some of the community houses that were destroyed by bad weather conditions were rebuilt with public donations to the Mayor's fund.

SEPTEMBER 2010

- IDP was done internally

OCTOBER 2010

- IDP/ Budget Road shows in the three Tribal Authorities.
- Prioritizing of MIG Projects with Councillors.

DECEMBER 2010/JANUARY 2011

- MIG Projects launched for 2010/2011 from 17 December 2010 to end January 2011.
- 119 Housing units completed on Masakhisane Project.
- Internal Turnaround Strategy finalized.
- Sod Turnings for MIG Projects
- IDP Wards committee meetings.
- Completion of the Rehabilitation of Old Solid Waste Site Project.
- Updated E-Venus
- Planning, co-ordination and contribution to N2 Interchange activities very well in hand.

FEBRUARY 2011

- Workshop for Councillors at Mfolozi Protea Hotel on Leadership and Management.
- Saligna Road sod turning.
- Phathane Pay point hand-over.
- Flagship programme.
- Nhlabane Beach Access project approved by National Department of Environment and Tourism.
- Council approval of policies and by-laws regarding Business Licensing.
- Treasury / Reconciliation reports submitted.

MARCH 2011

- CoGTA Turnaround Strategy Workshop with CoGTA and Councillors.
- Netball Sports Equipment handover to the communities valued at R200 000-00.
- 1st Quarter Newsletter released.
- Creches in Wards 7 and 11 Handover by UDM.
- Crime meeting with SAPS / Mayor.
- Flagship Programme.
- MEC visit to resolve KwaMbomambi Newtown Problems.
- Project approval from Dept Housing for Mvamanzi Housing project (Tranche 1)
- Advertisement placed for expression of Mthiyane Tourist Centre.
- Completion of 1 individual house and installation of Solar System for evaluation on future projects (Special Projects).
- Financial month-end procedures.

APRIL 2011

- PDA comes into effect.
- N2 boundary walling funds approved by Com Housing.

- Escalation and extension of time for Kwambomambi Newtown approved by Dept. of Housing.
- Submission of 39 individual housing applications to Dept Housing (special projects).
- 5 Individual houses approved by Dept Housing (Special Projects).
- Council approval of Rates-Policy and By-law.
- Advertisement for the inspection of the SV roll and public comments for the rates by-law placed.
- IDP / Budget Road shows.

MAY 2011

- Handovers MIG Projects started.
- CoGTA Turnaround Strategy Road shows
- Finalization of contract agreement for Kwambonambi Newtown between Dept Housing and Municipality.
- Appointment of service provider for Mthiyane Tourist Centre.
- Approval of SMME policy by Council.
- Advertisement placed for Local SMME Database development.
- Commencement of construction of 5 individual houses Wards 6,7 and10 (Special Projects).
- Implementation of Business Licensing (Registration Processes).
- Audit Readiness

JUNE 2011

- MIG Projects Handovers.
- 2010 Soccer PVA's viewed in various Tribal authorities valued at R60 000.00
- 2nd Quarter Newsletter released.
- Service Delivery Charter released.
- 450 Housing units completed on Masakhane Project.
- N2 boundary walling completed.
- Com Housing on site to continue with house construction at Kwambonambi Newtown.
- Termination of services of Nhlangothi Developers.
- Submission of Waste Transfer Station license application to Dept DAEA.
- Tenders for the 2011/2012 Mayoral Projects closed on 15 June 2010.
- Audit Plan
- Audit Charter
- Planning Siyabonana Sangweni's municipal recognition.

DIRECTOR: CORPORATE SERVICES REPORT

2. Overview

For the 2010/2011 financial year, the office of the Director: Corporate Services took responsibility for the following Strategic Key Performance Areas (KPA's):

- Basic Service Delivery (Infrastructure);
- Municipal Institutional Development and Transformation;
- Social and Economic Development;
- Financial Viability and Management;
- Good Governance and Community Participation.

2.1. Basic Service Delivery (Infrastructure)

2.1.1 KPA – WSP has been submitted to ExCo which is an annual requirement in term of the Skills Development Act.

2.1.2 KPA – PMS packs finalized and submitted to CoGTA as well as KWANOLOGA, all quarterly reporting finalized. Annual Report for PMS 2010/2011.

2.1.3 KPA – PMS Framework reviewed and approved by ExCo.

2.2 Municipal Institutional Development & Transformation

2.2.1 KPA – HIV/AIDS Strategy approved by ExCo.

2.2.2 KPA - SDBIP Developed and approved by Council.

2.2.3 KPA – Disaster Management Plan: review thereof had to be carried over from the previous financial year due to budget constraints. The estimated completion time was September 2010. Communication Plan is part of the review of the DMP. Business Plans for funding for the Traffic Unit submitted to ExCo.

2.2.4 KPA – Framework for Councillor Oversight was approved by Council. To ensure the effectiveness of newly elected Councillors a code of conduct was compiled as well as standing order and rules workshop conducted.

2.2.5 KPA – Traffic Strategy finalized and submitted to ExCo.

2.3 Social and Economic Development

2.3.1 Women, Disabled and Aged Plan compiled-- due to funding constraints this plan was done internally and submitted to ExCo.

2.4 Financial Viability and Management

2.4.1 Budget approved by ExCo – finalized.

2.5 Good Governance and Community Participation.

2.5.1 Monthly Agenda's submitted promptly and bonded for records. Up to date and finalised.

2.5.2 Monthly Agenda's delivered promptly and timeously – finalized.

2.5.3 Bursaries approved on monthly basis- Finalized up to date.



Mayor Mgenge (spade in hand) and his team have tackled the difficult task of bringing services to the community with enthusiasm and upgrading of roads and communication facilities

3. DIRECTOR: TECHNICAL SERVICES REPORT

3.1 Overview

For the 2010/2011 financial year, the office of the Director: Technical Services took responsibility for the following Strategic Key Performance Areas (KPA's)

- Basic Service Delivery (Infrastructure);
- Municipal Institutional Development and Transformation
- Social and Economic Development
- Financial Viability and Management;
- Good Governance and Community Participation.

3.2 Basic Service Delivery (Infrastructure)

3.2.1 KPA - The town of Kwambonambi is kept clean at all times and progress is reported to ExCo.

3.2.2 KPA- A round grader was purchased through funds by GoGTA with in conjunction with Ntambanana Municipality to ensure that roads and storm water drains are in good working condition.

3.2.3 KPA – Solid waste is removed from residential and business properties twice a week as prescribed in the Waste Removal Policy. A Waste Management Plan has been approved by Council which includes the rollout of the service to the rural areas on availability of funds.

3.2.3 KPA – Ongoing co-ordination with Service Authorities with regard to Water and Sanitation projects (Uthungulu District Municipality) and Electricity (Eskom) is taking place in the form of stakeholders' meetings and daily correspondence to ensure efficient and viable service delivery to the community. All capital projects by the service authorities are reported to council.

3.2.4 KPA- All capital projects through the MIG program that are listed in the IDP are being finalized and full expenditure of the MIG funds for the 2010/2011

3.3 Municipal Institutional Development and Transformation

3.3.1 KPA – The General Valuation Roll is in place and the review was approved by Council after the necessary stakeholders' meeting and community participation requirements were met.

3.3.2 KPA - All Occupation Health and Safety requirements on the municipal premises are met and reported to ExCo.

3.4 Social and Economic Development

3.4.1 KPA - The LED Strategy Plan was approved by Council which include various LED projects such as Mthiyane Tourist Centre, Cwaka Lodge and Mbonambi Cultural Village. Proposals are called for service providers to review the plan.

3.4.2 KPA - The SMME Audit has been conducted and submitted to Council and ongoing registrations of SMME's are taking place.

3.4.3 KPA - The IDP review for the 2011/2012 financial year has been approved and submitted to CoGTA after all community participation requirements were met.

3.4.4 KPA - Agriculture Development and Coastal Development plan was not finalized due to shortage of funds.

3.4.5 KPA - A District Tourism Plan is in place and proposals are invited from service providers to compile a local plan for submission to ExCo for approval.

3.5 Financial Viability and Management

3.5.1 KPA - Departmental expenditures are kept within the budget and reported to Council on a quarterly basis. The 2011/2012 budget was submitted and approved by Council.

3.5.2 KPA - Applicable rates are applied according to the reviewed Valuation Roll.

3.6.1 KPA - IDP road shows have taken place in accordance to the regulations and submitted to ExCo.

3.6.2 KPA - Proposals are invited from service providers to compile an Environmental Management Plan.

3.7 Over and Above

- The facilitation of capital projects such as the new Council Chambers and offices, Rehabilitation of the old Solid Waste Site, upgrading of the Saligna Road were implement was finalized including N2 Development and N2 Interchange.
- IDP was compiled internally.
- Establishment of the Nhlabane Beach Access Project
- Acquired funding for and installed N2 Boundary Wall next to Mbonambi Newtown.
- Implementation of Business Licensing (Registration Processes) is being implementing and progressing well.
- Progress of Waste Transfer Station license application to Dept DAEA progressing well.
- Adverts submitted for 4 Housing projects which is not yet in the Housing.

4. CHIEF FINANCIAL OFFICER'S REPORT

4.1 Overview

For the 2010/2011 financial year the office of the Chief Financial Officer took responsibility for the following Strategic Key Performance Areas (KPA's)

- Basic Service Delivery (Infrastructure);
- Municipal Institution Development & Transformation;
- Social and Economic Development;
- Financial Viability and Management;
- Good Governance and Community Participation.

4.2 Basic Service Delivery (Infrastructure)

4.2.1 KPA - Revenue was collected through waste services.

4.2.2 KPA - To ensure that Mbonambi residents receive free basic services consistent with National Policy. Indigent Policy was developed.

4.2.3 KPA - The Department efficiently allocated financial resources thus the Budget was aligned to the IDP and SDBIP.

4.3 Municipal Institutional Development and Transformation

4.3.1 KPA - To comply with all financial prescripts the Department developed overall financial control systems.

4.3.2 KPA - Credit control and debt collection policies were developed and these resulted in the 65% of budgeted levy collected by 30 June 2010.

4.3.3 KPA - The Department co-ordinates and controlled the application procedures in respect of procurement and/ or purchasing sequences. The procurement policy was reviewed and approved by June 2011.

4.3.4 Investments Plan was approved in June 2011.

4.4 Social and Economic Development

4.4.1 KPA - The Department developed business plans and submitted them to potential funders to source funding by June 2011.

4.4.2 KPA - The Office of the Auditor- General laid down the requirement that Mfolozi Municipality should develop a Fraud Prevention Strategy, this Strategy was approved and submitted to ExCo.

4.4.3 KPA - The Department greatly contributed to the turnaround strategy as per COGTA requirement. Contributed 2010/2011 financial year the challenges assorted with implementation.

4.5 Good Governance and Public Participation

4.5.1 KPA – The IDP for the year 2011/2012 was approved by Council during June 2011. IDP / Budget road shows were undertaken in May 2011.

4.5.2 Generally the Department is well positioned to make great strides in 2011/2012 particularly with a Management that it has.

KZ 281 (MFOLOZI) MUNICIPALITY

TRC: 24/4/6

LNS037MHN/

29 March 2012

TO WHOM IT MAY CONCERN

RE: OVERSIGHT REPORT FOR 2010/2011 FINANCIAL YEAR

We wish to confirm that we the Oversight Committee or MPAC of Mfolozi Municipality have exercised our authority to comment on the Annual Report as follows;

- i) We note with appreciation that the municipality has moved from the qualified to unqualified report, however we urge that the Council should ensure that the matters raised as emphasis are followed-up thoroughly and timelines are checked.
- ii) We also note that the action plan has been developed by management in consultation with the Internal Audit. This action plan needs to be implemented and we will monitor and support where necessary.

I trust that you will find the above in order.

Yours in service delivery.



CLLR SB CELE
MPAC: CHAIRPERSON

CC:	<i>His Worship the Mayor</i>	:	<i>Cllr SW Mgenge</i>
	<i>The Deputy Mayor</i>	:	<i>Cllr ME Ntshangase</i>
	<i>The Speaker</i>	:	<i>Cllr ZD Mfusi</i>
	<i>The Municipal Manager</i>	:	<i>Mr MH Nkosi</i>
	<i>Chief Financial Officer</i>	:	<i>Mrs CN Ngema</i>
	<i>Director Corporate Services</i>	:	<i>Mrs M Lubbe</i>
	<i>Director Technical Services</i>	:	<i>Mr D van Eeden</i>

MFOLOZI MUNICIPALITY ANNUAL ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	MFLOZI MUNICIPALITY				Planned Measures For Improvement
					2010/2011		2009/2010		
					Target	Actual	Target	Actual	
P73		Access to Housing Masakhisane Slovas Special Units	House hold access to housing	Number of house holds	1000 507 5	365 507 5	2000 507 5	455 400	Contract with IA terminated and appointment of Project Manager on 28 April 2011
P27	Basic Service Delivery And Infrastructure	1.1 Access to roads and storm water	Roads and storm water in good working condition	Maintenance for road and storm water approved	240	197	0	0	Shared service with Ntambanana to be re-instated
P21		1.2 Residents to have access to waste services	Timeous removal of waste from the transfer station to regional waste site	Construction of waste transfer station	767	767	1	1	ACHIEVED
P53&158		1.3 Access to electricity	Households with access to electricity	Number of Households connected	4724	4724	-	-	Eskom to Finalize
P21		1.4 Residents to have access to free basic services	1. Number of households that receive free basic water services. 2. Number of households with VIP toilets 3. 1757 households that receive free basic electricity.	Households with access to free basic water services VIP toilets and electricity	9360	9360	9606	9606	ACHIEVED
P22		1.5 Implement all MIG projects	Projects Implemented	Number of projects implemented	11	11	15	15	
P22		1.6 No of Jobs created by MIG Projects	Number of jobs created	Number of people employed	110	110	150	150	ACHIEVED
P23	Institutional Development & Transformation	2.1 To develop SDBIP	SDBIP Approved	SDBIP aligned with PMS	100% 100%	100% 100%	100% 100%	100% 100%	ACHIEVED
P23		2.2 Valuation Roll	Reviewed and approved valuation roll	Valuation Roll reviewed and implemented	100%	100%	100%	100%	ACHIEVED
P20		2.3 Effect of natural and other disasters on Communities	1. Review of the Disaster Management Plan	Approved Disaster Management Plan	100%	100%	100%	100%	ACHIEVED

MFOLOZI MUNICIPALITY ANNUAL ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	MFLOZI MUNICIPALITY				Planned Measures For Improvement
					2010/2011		2009/2010		
					Target	Actual	Target	Actual	
P21			2. Full-fledged Fire Department Plan developed	Business plan submitted to project consolidate	100%	100%	100%	100%	ACHIEVED
		2.4 Investment & Marketing Strategy	Investment & Marketing Strategy Approved	INVESTMENT & MARKETING STRATEGY implemented	100%	100%	100%	100%	ACHIEVED
P24	Local Economic Development	3.1 Corporate decisions programs, budget and expenditure framework are aligned to the IDP	IDP financial plan and SDBIP approved	Number of IDP projects implemented	100%	100%	100%	100%	ACHIEVED
P20		3.2 Economic and social development	Develop Women, Disabled and Aged Developmental Plan	Women Disabled and Aged developmental plan approved	100%	100%	100%	100%	ACHIEVED
P21		3.3 LED initiatives	LED project implemented reduce unemployment	Number of LED projects implemented	39	39	15	15	Finding is a challenge and drive for funding is ongoing, extra/outside funding is requested e.g Economic Development
P21		3.4 No of Jobs created from these initiative	Number of jobs created	Number of people employed	39	39	40	29	FUNDING OF LED PROJECTS IS POSING A CONTINUOUS CHALLENGE
P25	Good Governance	4.1 Sound Municipal Annual Report	Municipal Annual Report	Annual municipality report every financial year	100%	100%	100%	100%	ACHIEVED
		4.2 Promotion of sound financial management by complying with the MFMA Act 56	Compliance with the MFMA	Compliance with MFMA and responsibilities as laid down in Chapter 8 of the Act	100%	100%	100%	100%	ACHIEVED
P26		4.3 Community awareness	IDP Road Shows	Road shows and Imbizo's	3	3	3	3	ACHIEVED
P22		4.4 Sufficient institutional	Capacity Buildings	Audit Committee	100%	100%	100%	100%	ACHIEVED

MFOLOZI MUNICIPALITY ANNUAL ORGANISATIONAL PERFORMANCE MANAGEMENT REPORT

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	MFLOZI MUNICIPALITY				Planned Measures For Improvement
					2010/2011		2009/2010		
					Target	Actual	Target	Actual	
		capacity	Programmes Implemented	PMS Audit committee	100%	100%	100%	100%	ACHIEVED
				Response to internal queries	7 Days	7 Days	7 days	7 Days	ACHIEVED
P26		4.5 Internal Audit	Audit Committee	Number of meetings	4	4	4	4	ACHIEVED
P26			PMS Audit Committee	Number of meetings	4	4	4	4	ACHIEVED
P26			Response to internal audit queries	Number of days to respond	7 DAYS	7DAYS	7 DAYS	7 DAYS	ACHIEVED
P25		4.6 Anti corruption strategy	Anti corruption strategy approval	Date of implementation	100%	100%	100%	100%	ACHIEVED
P24	Financial Viability & Management	5.1 Sound financial Management	Total revenue received grants etc.	R Value	R5 MILLION	4.3 MILLION	43 237 045	48 687 57 521	
			Total grants spent etc.	Percentage spent 100%	100%	100%	100%	100%	ACHIEVED
P25&26		5.2 Revenue enhancement	Cash collected	R Value collected	4.3 MILLION	5 MILLION	5 MILLION	5 MILLION	ACHIEVED
			Amount Invoiced	R Value invoiced	2 MILLION	2.5 MILLION	2.5 MILLION	2.5 MILLION	ACHIEVED
P24		5.3 Up to date asset register	Up dated asset register	Up to date asset register approved by ExCo	100%	100%	100%	100%	ACHIEVED
			Compliance in terms of MFMA	Percentage compliance	100%	100%	100%	100%	ACHIEVED
P25 & 26		5.4 Budget and Reporting	Total operating Budget	R Value	61 MILLION	28 MILLION	33 042 509	30 136 813	
			Total Salaries/ Wages Budget incl	R Value	1 MILLION	1 MILLION	18 004 672	17 029 284	ACHIEVED

Strategic Focus Area 1: Social and Economic Development								
Development Goals								
	<ul style="list-style-type: none">To promote socio-economic development and provide support to assist communities throughout the Municipality to cope with the combined impact of poverty and HIV/AIDS; andTo strengthen the local economy with particular emphasis on tourism, agriculture and commercial development.							
IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible Department
Page 20	To reduce the impact of HIV/AIDS on communities	Review & Workshop their/AIDS Strategy through LAC Committee	Call for proposal for the Workshop and reviewed of the HIV/AIDS Strategy	Appoint Services Provider to Workshop & Review the HIV/AIDS Strategy	Workshop & Review of HIV/AIDS Strategy completed	Item submitted to Council on the reviewed HIV/AIDS Strategy.	Series of w/shop presented	Corporate Services
		Awareness campaigns and community gardens for HIV/AIDS						Corporate Services
Page 23	To provide efficient and effective administrative support to all documents	Timeous delivery of agendas and minutes	1st Quarter Agendas/ Minutes Finalized (Jul- Sept.)2010	2nd Quarter Agendas / Minutes for Oct- Dec 2010	2nd Quarter Agendas / Minutes Finalized / Jan- March 2011	3rd Quarter Agendas / Minutes Finalized (April - June 2011)	Timeous delivery of agenda	Corporate Services
Page 23	To establish a Drivers Licence Testing Centre	DLTC to be established subject to the	Site Visit on the approval of the DLTC	Renovations Task Team to finalize	Renovations in progress / launch to be finalized	Item submitted to Council	Council approval of the establishment of DLTC	Corporate Services
Page 21	To manage all LED initiatives in the municipality to ensure reduction of unemployment within the municipality.	5% reduction in unemployment figures through implementation of Mayoral projects.		90 people employed through Mayoral Projects		150 people employed through Mayoral Projects	150 people employed through Mayoral Projects	Technical Services
Page 21	To promote SMME development in the Municipality	Increased establishment of SMMEs in the Municipality				Increased no of participating SMMEs	Increased no of participating no Of SMMEs	Technical Services

IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible Department
Page 22	To manage the implementation of low income housing.	Planning Approvals	2 Trench 1 approvals.	2 Trench 1 approvals, 1 Trench 2 approval	1 Trench 1 approval, 2 Trench 2 approvals.	1 Trench 2 approval.		Technical Services
Page 22		Number of houses transferred to beneficiaries	120 Houses	240 Houses	240 Houses	240 Houses	600 Houses Transferred beneficiaries	Technical Services
Page 21	To investigate strategies for attracting new businesses and retaining existing ones.	Revenue enhancement strategy	30% Revenue collection	60% Revenue collection	Appointment of the service provider to develop the revenue strategy	80% collection , Age analysis to be reviewed	Revenue Enhancement Strategy approved EXCO / Council	Financial Services
Page 22	To manage preparation and implementation of the IDP projects to ensure delivery of services according to targets set	IDP reviewed on annual basis	40% projects funded on the IDP	60% projects funded on the IDP	80% projects funded on the IDP	90% projects funded on the IDP	100% ID P Funded Projects implemented	Financial Services
Page 21	Develop Investment & Marketing Strategy	Investment & Marketing Strategy implemented by 30/06/2010	The service provider to be appointed	Exco approval of the strategy	Implementation of the strategy	Reports on the strategy	Investment Strategy Implemented 30/06/2012	Financial Services
Page 21	To develop business plans that can source funding for municipality	Developed Business Plans	Advert for Service Provider	Appointment of Service Provider	Business plans approved by Manco	Business plans approved by Exco		Financial Services

Strategic Focus Area 2: Delivery of Sustainable Infrastructure and Services							
Development Goal							
<ul style="list-style-type: none"> To facilitate the delivery of infrastructure and services, such as water, sanitation, electricity, access roads, telephones, postal services, clinics, schools, community halls, sport fields and facilities, pension payout points, police stations, housing, etc. in a sustainable manner 							
IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target
Page 23	To improve effective and efficient PMS system as per the regulations of 2006	Performance Management System developed and finalised by 30/06/2012	Call for proposal for a PMS Service Provider. Prepare PMS 1st Quarter Reporting Jul-Sept. 2011	Service provider appointed and PMS ongoing. Prepare for 2nd Quarter Reporting. Oct- Dec. 2011	Prepare for PMS 3rd Quarter Reporting Jan.- March 2012	PMS finalize 4th Quarter Reporting for Apr.- June 2012	PMS aligned to the regulations and I D P PMS&SDBIP adopted by Council
Page 23	To align the organisational structure to the IDP	Aligned Organisational structure to the ID	Review of Organisational Structure	Submit organisational proposal to EXCO	Align organisational structure with IDP	submit report on the approved organisational structure	Aligned Org Structure & Approved by 30/06/2012
Page 23	To improve effective and efficient OPMS system as per the regulations of 2006	Facilitate the OPMS to be aligned to IDP & SMART principles	Call for proposal for a OPMS Service Provider.	Service provider appointed and OPMS	Prepare for OPMS bi-annual report for 2011/12.	OPMS annual report submitted for the compilation of the Annual Report 2011/12.	SMART principles OPMS implemented By 30/06/2011
Page 21	To ensure that the co-ordination of a successful construction of the intersection at N2 and MR232	Proof of facilitation documents of this process	Monthly site meetings	Report progress to TSPC and Council	Monthly site meetings	Report progress to TSPC and Council	Monthly Site Mtngs prove Effective Co-ordination/ Resolution of issues
Page 22	To ensure that roads and storm water are in good working condition	Implement Maintenance Plan for roads and storm water		240 Km roads maintained		270 Km roads maintained	Detailed report proving Maintenance of 270 KM
Page 22	To ensure that Mbonambi residents and the town receive waste services effectively and sufficiently	Waste management plan implemented	Appoint SP for review	Review submitted to Council	Prepare business plans for funding of transfer stations	Appointment of SP for construction	Detailed programme Approved by MM
Page 22		Timeous removal of waste from the transfer station to the regional waste site.	Removal of 1000 m3 of Garden waste	Removal of 1000 m3 of Garden waste	Removal of 1000 m3 of Garden waste	Removal of 1000 m3 of Garden waste	Implementation Programme approved by MM
Page 22		Town Cleanliness	Kitchens refuse removal twice a week. Grass cutting and tree felling and litter picking.	Kitchens refuse removal twice a week. Grass cutting and tree felling and litter picking.	Kitchens refuse removal twice a week. Grass cutting and tree felling and litter picking.	Kitchens refuse removal twice a week. Grass cutting and tree felling and litter picking.	Implementation programme approved by MM

IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible department
Page 22	To ensure that Mbonambi residents receive free basic services consistent with National Policy	Number of households that receive free basic water services.	Report to CoGTA	Report to CoGTA	Report to CoGTA	Report to CoGTA and Council		Technical Services
		Number of households with VIP toilets	Report to CoGTA	Report to CoGTA	Report to CoGTA	Report to CoGTA		Technical Services
Page 22		Number of households that receive free basic electricity	Report to CoGTA	1801 households	Report to CoGTA	1896 households	1896 households	Technical Services
Page 22		Plan for alternative energy types					Alternative energy plan Approved by EXCO	
	To implement all projects within the IDP under MIG funding	Housing business plans prepared and submitted to the Department of Human Settlements.	2 BP's submitted	2 BP's submitted	1 BP's submitted	Report to PMU - Council		Technical Services
Page 22		Number of projects implemented on MIG funding	15% of budget spent	40% of budget spent	80% of budget spent	100% of budget spent	Report proving Full utilisation of MIG funding	Technical Services
Page 22		Indigent Policy implemented	Service Provider appointed to review the Indigent Policy	50% implemented	Implementation of the Policy and finalisation of the register	80% implementation and submission of the Age Analysis List of all indigents in the Municipality	List of all in the Municipality receiving free basic services	Financial Services
Page 21		Revenue collected through waste services	30% collection	55% collection	Collection rate was improved	60% - Revenue collection	65% waste revenue collected	Financial Services

Strategic Focus Area 4: Organizational Development								
Development Goal								
To build capacity among officials and councillors to lead and manage development throughout the Municipality								
IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible Department
Page 23	To improve the organizational culture and community participation through the work shopping the ward committees	Review of Policy on the establishment and functioning for ward committees in KwaZulu Natal Municipalities	Collate all information pertaining to the Ward Committee Policy	Draft Ward Committee Policy be finalized	Ward Committee Policy submitted to Council	Council resolution with reference to the ward committee policy finalized.	Ward Committee Policy and Plan approved by 30/06/2012	Corporate Services
Page 23	To develop staff skills to ensure effective service delivery	Implemented workplace Skills Development Plan	Implement the WSP	Implement the WSP	Review the WSP		WSP implementation report approved by EXCO	Corporate Services
Page 23	To ensure that a HR Policy / Plan is reviewed through CoGTA MTAS	HR Policy be reviewed for 2011/12.	Request quotations for the workshop to take place	Appoint Service Provider to do the workshop	Workshop on HR Policy/ Plan finalized	Item submitted to Council for competition	H R Policy/Plan workshoped by 30/06/2012	Corporate Services
Page 20	To minimize the effect of natural and other disasters on communities	Workshop and review of the Disaster Management Plan	Call for proposals for the workshop and review of the DMP. Set up annual schedule for the year 2011/2012	Appoint Service Provider to do the workshop and review of the DMP. Quarterly meetings to take place	Draft review and workshop completed. Quarterly meetings to take place	Submit item to Council on the workshop and review of the minutes of the quarterly meetings	Reviewed & approved Disaster Management Plan by EXCO	Corporate Services
	Ensure the sustainability and protection of the Municipality's Natural Resources	Prepare and implement a Municipal Environmental Management Framework	Apply for funding			Appoint SP provided funding approval		Technical Services
Page 23	To ensure that the Valuation Roll is reviewed on an annual basis	Valuation Roll		Implementation of SV Roll	SV Roll submitted to Council		Developed & approved SV Roll plan 30/06/2012	Technical Services

Page 25	To fully comply with all financial prescripts.	Finance Department functions executed.	Consolidation of the Treasury reports on quarterly	Review expenditure through the budget	3rd quarter reports to be submitted	AFS to be submitted to the AG	Report proving financial control systems effectively executed	Financial Services
Page 24	To promote sound financial management by complying with the MFMA 56 of 2003	Compliance with the MFMA	Ledger Reports be submitted to FPC	Review expenditure through the budget	3rd quarter reports to be submitted	Expenditure Reports compiled the final report		Financial Services

Strategic Focus Area 5: Sound Financial Management									
Development Goal									
<ul style="list-style-type: none"> To ensure sound Financial Management that will ensure alignment with the Municipality's IDP, in order to ensure efficient, effective and sustainable development 									
IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible Department	
Page 24	To provide sound financial administration of the department to ensure compliance with MFMA	Expenditure within the budget parameters	Controls over expenditure for budget parameters	Review the mid year budget	Controls over expenditure for budget parameters	Report to council on the expenditure on the votes	Overall implementation of financial control systems	Corporate Services	
	To develop a Business Plan for a Traffic Testing Centre.	Draft Business Plan to be done by 30/06/2012	Designs and Information being finalized for BP for funders.	Draft BP being finalized.	BP submitted to funders.	BP submitted to Council		Corporate Services	

IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible Department	
Page 24	To compile annual budget.	Annual Budget approved	Implementation of the budget according IDP	Service delivery must be highlighted from the Financial point of view	75% of the budget implemented	85% implementation	Annual Budget aligned to the IDP & approved by Council	Financial Services	
Page 24	To ensure that all corporate decisions, programs, budget and expenditure framework are aligned to the IDP priorities.	Financial plan be approved	Service Provider appointed to develop the Plan	Approval by EXCO	70% of the implementation	Reports to be forwarded to EXCO for adoption	Financial Plan developed & approved by 30/06/2012	Financial Services	

Page 24	To ensure that the Municipality has an up to date asset register	Submission of up to dated asset register to EXCO for approval by 30/12/2012	Reviewing the asset register to include the additions	to review and update the asset register	Submission to EXCO	Approval of the register by EXCO	Asset register approved by EXCO	Financial Services
Page 24	To ensure the promotion of sound financial management by complying with the MFMA 56 of 2003.	Compliance with MFMA	Implementation of the budget according IDP	40% implementation of the projects	Review of the budget half yearly	EXCO approval	Compliance With MFMA Fully ...reports to This effect by 30/06/2012	Financial Services
Page 25	To provide sound financial administration of the section to ensure it operates within budget parameters.	Expenditure within budget parameters.	Implementation of the budget according IDP	Review of the budget	80% of the implementation	Approval of the draft budget by EXCO	Report on expenditure within budget parameters	Financial Services

Strategic Focus Area 6: Democracy and Corporate Development								
Development Goal								
		<ul style="list-style-type: none"> To ensure that the developmental mandate of the municipality is understood by all the municipality's residents, role players and stakeholders; To ensure that the Municipality, as an organization, operates effectively and efficiently in a transparent manner 						
IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible Department
	To improve the organisational culture and community participation through workshops the ward committees	Review of policy on the establishment and functioning forward committees in Kwazulu Natal Municipalities	Collate all information pertaining to the Ward Committee Policy	Draft Ward Committee Policy be finalized	Ward Committee Policy submitted to Council	Council resolution with reference to the ward committee policy finalized.		Corporate Services
Page 25	To ensure that the Council complies with legislation of Occupational Health & Safety	Developed Occupational Health & Safety Plan		Extinguishers services by external SP		Extinguishers services by external SP	Serviced and monitored safety equipment	Technical Services
	To manage preparation and implementation of the IDP projects to ensure delivery of services according to targets set.	IDP reviewed and approved by 30/05/2012	Develop process plan	Public participation and workshop Councillors	Complete Draft IDP and submit to Council	ID P submitted to Council for adoption.		Technical Services
	To facilitate community development and involvement in all aspects of local governance	IDP Road Shows		3 Road shows		3 Road shows.		Technical Services
	To promote sound financial management by complying with the MFMA 56 of 2003.	Compliance with MFMA	Training of GRAP principles	Implementation of GRAP on the Financial	Ongoing implementation	GRAP/Financial systems finalised		Financial Services

IDP Indicator	Development Objectives	Key Performance Indicator	Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target	Annual Target	Responsible Department
Page 25	To have a sound municipality annual report	Municipal Annual Financial Report	Monthly submission of reports to Treasury	Preparation of AFS	Finalising audit with AG's office	Consolidation of all info of the Annual Report	Prepared annual financial report by 30/06/2012	Financial Services
Page 25	To develop SDBIP and submit to Mayor	Service Delivery Budget Implementation Plan	Alignment of SDBIP and OPMS	Report of alignment of SDBIP, OPMS and PMS	2012/13 SDBIP submitted to Manco	2012/13 Manco approved SDBIP submitted to the Mayor	SDBIP developed & approved by 30/06/2012	Financial Services

Mfolozi Local Municipality

Description	Issue	Root Cause
Emphasis of Matters	1.1 Restatement of corresponding figures disclosed in notes 23 and 24 to the financial statements, the corresponding figures for 2009/2010 have been restated as a result of an error discovered during 2010/2011 in the financial statements of the Mfolozi Municipality at, and for the year ended, 30 June 2010.	1.1 Non - compliance of accounting standards thereby resulting in errors being discovered.
	1.2 Fruitless and wasteful expenditure The municipality incurred fruitless and wasteful expenditure of R 1,041,809 as a result of interest and penalties charges levied on late accounts by the South African Revenue Services and R849,076 as a result of duplicate payments identified during the audit as disclosed in note 23.1 to the financial statements.	1.2 Non compliance of s125(2)(d) of the MFMA.
	1.3 The municipality incurred irregular expenditure of R4,735,485 as disclosed in note 23.2 to the financial statements.	1.3 Conditional grants used to fund operational expenses.
	1.4 As disclosed in note 27 to the financial statements the municipality had a surplus of R32,976,729 and trade and other receivables of R2,413,698 at 30 June 2011. However, these cash resources were not available to pay the trade and other payables of R23,069,933 and to repay the current portion of unspent grants and receipts of R4,735,482 at 30 June 2011. These issues indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.	1.4 Inadequate cash management processes and procedures.

Intervention Required	Resource Required
<p>1.1.1 Employees need to be given training in accounting practices and policies to eliminate errors.</p> <p>1.1.2. Regular workshops can be held to inform the employees of the new regulations instituted by the various Acts.</p>	<p>1.1.1 Skilled employees.</p> <p>1.1.2 Regular training of employees in accounting practices and policies.</p> <p>1.1.3 Workshops held for employees to inform them on updated legislation.</p>
<p>1.2.1 Greater care should be exercised when making payments to suppliers.</p> <p>1.2.2 Wasteful expenditure that had been incurred should be reflected in the municipality's financial statements and be raised as debts against the suppliers concerned in the municipality's records.</p>	<p>1.2. Implementaion, monitoring and reviewing control processes and procedures regarding the SCM process.</p>
<p>1.3.1 The CFO should ensure that funds received by the municipality are utilised for their intended purpose.</p> <p>1.3.2 An expenditure schedule for conditional grants should be implemented, monitored and reviewed accordingly.</p>	<p>1.3.1 Implementaion of an expenditure schedule for conditional grants.</p> <p>1.3.2 Reviewing and monitoring the schedule and supporting documentaion on a monthly basis.</p>
<p>1.4.1 A cash flow management tool will be developed and implemented with a view to improve the cash flow situation.</p> <p>1.4.2 Strategies to maximise debt collection.</p> <p>1.4.3 Distinguish between crucial and other expenditure with a view to prioritise expenditure while minimising other non-critical expenditure.</p> <p>1.4.4 A review of all contracts and other expenditure so as to minimise unnecessary spending will be conducted.</p> <p>1.4.5 Close monitoring of cash flow situation by management will have to be a priority.</p>	<p>1.4.1 Adherence to Budget.</p> <p>1.4.1 Monitoring of cash flow by CFO.</p>

2.1 Performance indicators contained in the performance report must be predetermined and aligned to IDP.	<p>2.1.1 Fully functional performance management system.</p> <p>2.1.2 Referenced performance report and IDP.</p> <p>2.1.3 PMS to be monitored and reviewed on a timeous basis.</p>
3.1 Oversight in the preparation of financial statements in accordance with section 122(1)(a) of the MFMA.	3.1 Skilled, trained, knowledgeable, personnel used in the preparation of financial statements.
3.2 The accounting officer must institute controls that will ensure that the municipality pays employees' tax, UIF, SDL over to SARS within 7 days after the end of the month during which the amount was deducted in order to ensure compliance as well as to eliminate incurring expenditure in vain.	3.2 System and controls implemented to ensure employees' tax, UIF, SDL are paid within the necessary timeframe required by the applicable legislation.
4.1 Oversight in the preparation and review process of the annual report to ensure that all performance indicators and targets are predetermined.	<p>2.1.1 Fully functional performance management system.</p> <p>2.1.2 Referenced performance report and IDP.</p> <p>2.1.3 PMS to be monitored and reviewed on a timeous basis.</p>
3.1 Oversight in the preparation of financial statements in accordance with section 122(1)(a) of the MFMA.	3.1 Skilled, trained, knowledgeable, personnel used in the preparation of financial statements.

Pedetermined Objectives	<p>2.1 Performance indicators and targets reflected in the performance report could not be traced to the municipality's IDP and no evidence was provided to confirm that the indicators and targets that the municipality was reporting against were predetermined.</p>	<p>2.1.1 Inadequate review and monitoring of compliance with applicable laws and regulations. 2.1.2 Non compliance with s26 of the MSA.</p>
Compliance with laws and regulations	<p>3.1 The financial statement submitted for audit on 31 August 2011 did not comply with section 122(1)(a) of the MFMA and SA standards of GRAP. Material misstatements were identified with regards to property, plant and equipment, grants, VAT, debtors, fruitless and wasteful expenditure; these were corrected by management.</p> <p>3.2 The municipality did not comply with the requirements of paragraph 2(1) of the 4th Schedule of the Income Tax Act, Section 6 of the Skills Development Levies Act and Section 8 of the Unemployment Insurance Contributions Act which prescribe that the employees' tax and UIF contributions as well as skills development levy must be paid over to SARS within 7 days after the end of the month during which the amount was deducted</p>	<p>3.1 Non compliance with s122(1)(a) of the MFMA.</p> <p>3.2 The accounting officer does not exercise oversight responsibility and reasonable care over compliance with laws and regulations.</p>
Leadership	<p>4.1 Inadequate oversight over the preparation and review process of the annual performance report to ensure that all performance indicators and targets reported at 30 June 2011 were in the IDP.</p> <p>4.2 Oversight in the preparation of financial statements in accordance with section 122(1)(a) of the MFMA.</p>	<p>4.1.1 Inadequate review and monitoring of compliance with applicable laws and regulations. 4.1.2 Non compliance with s26 of the MSA.</p> <p>3.1 Non compliance with s122(1)(a) of the MFMA.</p>

Financial and performance management	5.1 Inadequate controls over the reporting of the annual performance report to ensure alignment to the IDP.	2.1.1 Inadequate review and monitoring of compliance with applicable laws and regulations. 2.1.2 Non compliance with s26 of the MSA.
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2.1 Performance indicators contained in the performance report must be predetermined and aligned to IDP.	<p>2.1.1 Fully functional performance management system.</p> <p>2.1.2 Referenced performance report and IDP.</p> <p>2.1.3 PMS to be monitored and reviewed on a timeous basis.</p>
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REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON MFOLOZI MUNICIPALITY.

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Mfolozi Municipality, which comprise the statement of financial position as at 30 June 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 84.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009) (DORA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mfolozi Municipality as at 30 June 2011, and its financial

performance and cash flows for the year then ended in accordance with SA Standards of GRAP and in the manner required by the MFMA and DORA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

9. As disclosed in notes 23 and 24 to the financial statements, the corresponding figures for 2009/2010 have been restated as a result of an error discovered during 2010/2011 in the financial statements of the Mfolozi Municipality at, and for the year ended, 30 June 2010.

Fruitless and wasteful expenditure

10. The municipality incurred fruitless and wasteful expenditure of R1,041,809 as a result of interest and penalties charges levied on late accounts by the South African Revenue Services and R849,076 as a result of duplicate payments identified during the audit as disclosed in note 23.1 to the financial statements.

Irregular expenditure

11. The municipality incurred irregular expenditure of R4,735,485 as disclosed in note 23.2 to the financial statements.

Going concern

12. As disclosed in note 27 to the financial statements the municipality had a surplus of R32,976,729 and trade and other receivables of R2,413,698 at 30 June 2011. However, these cash resources were not available to pay the trade and other payables of R23,069,933 and to repay the current portion of unspent grants and receipts of R4,735,482 at 30 June 2011. These issues indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Additional matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

13. The supplementary schedules set out on pages 80 to 84 do not form part of the financial statements and are presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 23 to 25 and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Usefulness of information

15. Performance indicators and targets reflected in the performance report could not be traced to the municipality's IDP and no evidence was provided to confirm that the indicators and targets that the municipality was reporting against were predetermined.

Compliance with laws and regulations

Annual financial statements

16. The financial statement submitted for audit on 31 August 2011 did not comply with section 122(1)(a) of the MFMA and SA standards of GRAP. Material misstatements were identified with regards to property, plant and equipment, grants, VAT, debtors, fruitless and wasteful expenditure; these were corrected by management.
17. The municipality did not comply with the requirements of paragraph 2(1) of the 4th Schedule of the Income Tax Act, Section 6 of the Skills Development Levies Act and Section 8 of the Unemployment Insurance Contributions Act which prescribe that the employees' tax and UIF contributions as well as skills development levy must be paid over to SARS within 7 days after the end of the month during which the amount was deducted

INTERNAL CONTROL

18. In accordance with the PAA and in terms of General Notice No. 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

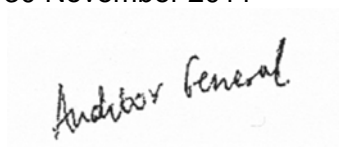
Leadership

19. Inadequate oversight over the preparation and review process of the annual performance report to ensure that all performance indicators and targets reported at 30 June 2011 were in the IDP.
20. Oversight in the preparation of financial statements in accordance with section 122(1)(a) of the MFMA.

Financial and performance management

21. Inadequate controls over the reporting of the annual performance report to ensure alignment to the IDP.
22. The daily and monthly controls over the processing and reporting on financial information were not implemented by the chief financial officer. As a result, the financial statements presented for audit did not comply with the requirements of section 122 (1)(a) of the MFMA.

Pietermaritzburg
30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annual Financial Statements

for

Mfolozi Municipality

for the year ended 30 June: **2011**

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

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Name of Chief Financial Officer:	CN Ngema
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Name of relevant Auditor:	P Makaye
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Contact telephone number:	012 315 5009
Contact e-mail address:	jan.hattingh@treasury.gov.za

Mfolozi Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information	
<u>Members of the Exco</u>	
ZD Mfusi	Speaker
SW Mgenge	Mayor
ME Ntshangase	Deputy Mayor
FPE Mpungose	Member of the executive committee
BT Mnqayi	Member of the executive committee
FM Thusi	Member of the executive committee
SK Ngema	Member of the executive committee
 Municipal Manager	
MH Nkosi	
 Chief Financial Officer	
CN Ngema	
 Grading of Local Authority	
Grade 2	
 Auditors	
Auditor-General	

Mfolozi Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

General information (continued)

Registered Office: Mfolozi Municipal Offices

Physical address:

25 Bredelia Street
Mbonambi
3915

Postal address:

P.O. Box 96
Mbonambi

3915

Telephone number: 035 580 1421

Fax number: 035 580 1141

E-mail address: nkosim@mbonambi.co.za

Mfolozi Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

Approval of annual financial statements

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 50 to 82, in terms of Section 126(1) of the Municipal Finance Management Act No 56 of 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


MH NKOSI

Municipal Manager:

DATE

26/08/2011

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

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Mfolozi Municipality STATEMENT OF FINANCIAL POSITION as at 30 June 2011			
	Note	2011 R	2010 R
ASSETS			
Current assets			
Cash and cash equivalents	1	-	405,808
Trade and other receivables	2	2,413,699	1,937,972
VAT receivable	3	1,158,068	3,060,127
Non-current assets			
Property, plant and equipment	4	57,756,594	45,163,058
Intangible Assets		104,489	125,510
Total assets		61,432,849	50,692,475
LIABILITIES			
Current liabilities			
Trade and other payables	5	23,069,933	20,754,333
Payments received in advance		645,673	766,162
Cash and cash equivalents	1	194,179	-
Current portion of unspent conditional grants and receipts	6	4,735,482	2,522,722
Non-current liabilities			
Total liabilities		28,645,266	24,043,218
Net assets		32,787,583	26,649,257
NET ASSETS			
Accumulated surplus / (deficit)		32,787,583	26,649,257
Total net assets		32,787,583	26,649,257

Mfolozi Municipality STATEMENT OF FINANCIAL PERFORMANCE for the year ending 30 June 2011			
	Note	2011	2010
		R	R
Revenue			
Property rates	7	5,380,607	2,201,239
Service charges		211,048	195,187
Rental of facilities and equipment	8	89,308	71,301
Interest earned - external investments	9	18,778	86,930
Interest earned - outstanding receivables	10	172,824	
Fines		123,976	1,920,606
Government grants and subsidies	11	57,770,384	45,290,634
Contributions from provisions		19,562	
Other income	12	541,527	447,285
Total revenue		64,328,014	50,213,182
Expenses			
Employee related costs	13	15,283,539	12,651,990
Remuneration of councillors	14	4,541,374	4,377,294
Interest and penalties		1,041,809	295,934
Collection costs		-	4,671
Depreciation and amortisation expense	15	2,630,708	1,603,126
Repairs and maintenance		2,117,971	1,139,254
Contracted services	16	627,920	351,880
Grants expenditure	17	9,593,753	-
General expenses	18	22,352,615	12,521,930
Total expenses		58,189,688	32,946,079
Gain / (loss) on sale of assets	19		52,865
(Impairment loss) / Reversal of impairment loss		-	-
Surplus / (deficit) for the period		6,138,326	17,214,238

Mfolozi Municipality			
STATEMENT OF CHANGES IN NET ASSETS			
as at 30 June 2011			
	Accumulated Surplus/(Deficit)	Total: Net Assets	
	R	R	Note
Balance at 30 June 2009			
Changes in accounting policy	1,482,564	1,482,564	
Correction of prior period error	9,879,300	9,879,300	
Restated balance	-	-	
Surplus / (deficit) on revaluation of property, plant and equipment	11,361,864	11,361,864	
<i>Other items</i>			
<i>Other items</i>	991	991	
Net gains and losses not recognised in the statement of financial performance			
Transfers to / from accumulated surplus/(deficit)			
Surplus / (deficit) for the period	17,510,172	17,510,172	
Balance at 30 June 2010	28,873,027	28,873,027	
Correction of prior period error	(2,223,770)	(2,223,770)	
Restated balance	26,649,257	26,649,257	
Surplus / (deficit) on revaluation of property, plant and equipment			
<i>Other items</i>			
<i>Other items</i>			
Net gains and losses not recognised in the statement of financial performance			
Transfers to / from accumulated surplus/(deficit)			
Surplus / (deficit) for the period	6,138,326	6,138,326	
Balance at 30 June 2011	32,787,583	32,787,583	

Mfolozi Municipality CASH FLOW STATEMENT as at 30 June 2011			
	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from ratepayers, government and others		68,428,020	47,258,545
Sale of goods and services		5,260,595	34,801
Sale of land deposits		2,500,000	
Grants		59,983,145	44,758,215
Interest received		18,778	86,930
Other receipts		665,503	2,378,599
Cash paid to suppliers and employees		(53,824,784)	(31,047,020)
Employee costs		(20,354,280)	(17,029,284)
Suppliers		(33,470,504)	(12,739,691)
Interest paid		-	(134,119)
Other payments			(1,143,926)
Finance income		-	-
Net cash flows from operating activities	19	14,603,236	16,211,525
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(15,203,223)	(15,865,750)
Proceeds from sale of fixed assets			38,000
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
Net cash flows from investing activities		(15,203,223)	(15,827,750)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities			-
Net increase / (decrease) in net cash and cash equivalents		(599,987)	384,765
Net cash and cash equivalents at beginning of period		405,808	21,043
Net cash and cash equivalents at end of period	20	(194,179)	405,808

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2011

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the Annual Financial Statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions have been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2011

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. **Land** is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<i>Infrastructure Assets</i>		<i>Other Assets</i>	
Roads and Paving	30 years	Buildings	30 years
Stormwater Drainage	20 years	Specialist vehicles	10 years
<i>Community Assets</i>		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years
<i>Finance Lease Assets</i>			
Office equipment	4 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years
-------------------	---------

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Mfolozi Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

6 FINANCIAL INSTRUMENTS

6.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

6.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

6.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2011

6.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for doubtful debts is calculated by categorising the outstanding into three:

Category A are government properties and those who owe less than 30 days. No provision is made for them. Category

B are those who are irregular payers, and the debts are more than 60 days. The provision is made at 25% Category C are bad

payers and the provision is at 50%

6.2.3 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

6.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

11 LEASES

11.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

11.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible Councilors or officials is virtually certain.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2011

12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

13 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

14 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

15 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

MFOLOZI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2011

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the

impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash and Bank-Primary account			
Cash and bank-Traffic fines	-209,905	2,011	2,010
Cash and bank-special disaster account	15,606	R	R
	120		
	-194,179		405,808

The Municipality has the following bank accounts: -

Current Account (Primary Account)
ABSA Bank Limited - Durban La Lucia ridge Branch: Account Number 4054154293
Cash book balance at beginning of year

Cash book balance at end of year	390,082		390,082
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Bank statement balance at beginning of year

-

Bank statement balance at end of year

-

Cash on hand

Total cash and cash equivalents

-194,179

405,808

Total bank overdraft

-

-

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

2 TRADE AND OTHER RECEIVABLES

2.1. Trade receivables
as at 30 June 2011

Service debtors

	Note	2,011 R	2,010 R
Rates		2,179,724	2,179,724
Other receivables		479,379	-
Uncleared deposits		-245,404	-
Total		2,413,699	2,179,724
<u>Other receivables</u>		-	-
<u>Other receivables</u>		-	-
Total Trade and other receivables		2,413,699	2,179,724

as at 30 June 2010

Service debtors

Rates	1,937,972	-	1,937,972
Refuse	-	-	-
Total	1,937,972	-	1,937,972
<u>Other receivables</u>	-	-	-
<u>Other receivables</u>	-	-	-
Total Trade and other receivables	1,937,972	-	1,937,972

Rates: Ageing
Current (0 – 30 days)

31 - 60 Days	308,190	82,967
61 - 90 Days	383,564	73,780
91 - 120 Days	275,324	810,456
Total	1,520,836	967,203

3 VAT RECEIVABLE

VAT receivable

1,158,068	3,060,127
1,158,068	3,060,127

-

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community Assets	Other PPE	Total
	R				R	R
as at 1 July 2010	10,404,853	4,251,009	8,030,193	18,609,010	3,867,994	45,163,058
Cost/Revaluation	601,003	1,933,828	12,969,862	20,626,067	7,373,110	43,503,870
Correction of error (note 24)		1,191,489	-552,576		-1,789,514	-1,150,601
Change in accounting policy (note 25)					408,099	10,211,949
Transfers	9,803,850	2,496,718	-2,339,389	-612,069	454,740	-
Accumulated depreciation and impairment losses	-275,770	-	-1,964,191	-1,477,851	-3,568,819	-7,286,631
Correction of error on Accumulated Depreciation	275,770	-1,371,026	-83,513	72,863	990,377	-115,530
Acquisitions	-	924,739	6,661,916	7,114,574	501,993	15,203,223
Depreciation	-	-218,225.81	-559,650.59	-983,731.53	-848,079	-2,609,687
as at 30 June 2011	10,404,853	4,957,522	14,132,459	24,739,852	3,521,907	57,756,594
Cost/Revaluation	10,404,853	6,546,774	16,739,813	27,128,572	6,948,429	67,768,441
Accumulated depreciation and impairment losses	-	-1,589,252	-2,607,355	-2,388,720	-3,426,521	-10,011,848

Refer to Appendix A for more detail on property, plant and equipment

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

4.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community Assets	Other PPE	Total
	R	R	R	R	R	R
as at 1 July 2009	497,424	1,590,000	7,702,326	7,761,948	4,534,843	22,086,542
Cost/Revaluation	733,155	1,590,000	9,336,712	8,942,079	7,244,981	27,846,927
Accumulated depreciation and impairment losses	-235,731		-1,634,386	-1,180,131	-2,710,138	-5,760,386
Acquisitions		343,828	3,633,150	11,683,988	204,785	15,865,750
Correction of error accumulated						
Capital under Construction	-				-	-
Depreciation	-40,039		-329,805	-297,720	-935,561	-1,603,125
Transfer to assets held for sale and disposal					-	-
Cost	-132,152					-132,152
Accumulated depreciation	-					-
Carrying value of disposals	-				-90,865	-90,865
Cost/Revaluation	-				-167,745	-167,745
Accumulated depreciation and impairment losses	-				76,880	76,880
as at 30 June 2010	325,233	1,933,828	11,005,671	19,148,216	3,804,291	36,217,239
Cost/Revaluation	601,003	1,933,828	12,969,862	20,626,067	7,373,110	43,503,870
Accumulated depreciation and impairment losses	-275,770	-	-1,964,191	-1,477,851	-3,568,819	-7,286,631

Refer to Appendix A for more detail on property, plant and equipment

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
5 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	9,478,073	9,478,730
Leave and Bonus Accruals	649,019	668,581
Other creditors	12,942,842	10,607,022
Total creditors	23,069,933	20,754,333

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
The fair value of trade and other payables approximates their carrying amounts.		
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
6.1 Unspent Conditional Grants from other spheres of Government		
MIG Grants	1,133,993	51,876
FMG Grants	-	524,863
MSIG Grants	-	-
Housing Grants	1,819,977	-
MAP Grants	54,149	484,854
MAP- Salgina and Regina0	1,727,363	1,461,129
Sport Grant		
LED Grants		
Lottery Grants		
MAP Grants		
IDP Grants		
Establishment Grants		
6.2 Other Unspent Conditional Grants and Receipts	-	-
Total Unspent Conditional Grants	4,735,482	2,522,722
7 PROPERTY RATES		
<u>Actual</u>		
Residential	7,927,076	2,201,239
Less: income forgone:	-2,546,469	-
Rebates	37,514	-
Remission	2,508,954	-
	-	-
Total property rates	5,380,607	2,201,239
Total	5,380,607	2,201,239
<u>Valuations</u>		
commercial	937,600	
Residential	22,885,000	
Agriculture	136,436,000	139,316,001
Governement/State	75,877,575	122,928,602
Municipal(Ingonyama Trust Land)	38,604,000	9,426,000
Total Property Valuations	274,740,175	271,670,603

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
8 RENTAL OF FACILITIES AND EQUIPMENT		
Rent-internal	89,308	71,301
Total rentals	89,308	71,301
9 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	18,778	86,930
Total interest	18,778	86,930
10 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Rates-debtors	172,824	-
Total interest	172,824	-
11 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	31,241,289	25,615,215
MIG Grant	10,952,883	13,112,388
FMG Grant	1,724,863	875,784
MSIG	750,000	735,000
MAP Salgina	1,733,766	3,995,871
Sport Grant		450,137
MAP Admin	430,705	115,146
Corridor Development		-
Project Consolidate		391,093
Housing Grant	10,936,878	
Refuse removal		
Other Government Grants and Subsidies		-
Total Government Grant and Subsidies	57,770,384	45,290,634

11.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly FBE, which is funded from the Equitable share grant.

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
11.2 MIG Grant		
Balance unspent at beginning of year	51,876	2,213,264
Current year receipts	12,035,000	10,951,000
Conditions met - transferred to revenue	-10,952,883	-13,112,388
Conditions still to be met - remain liabilities	1,133,993	51,876
	-	
11.3 MSIG Grant		
Balance unspent at beginning of year	-	-
Current year receipts	750,000	735,000
Conditions met - transferred to revenue	-750,000	-735,000
Conditions still to be met - remain liabilities	-	-
11.4 FMG Grant		
Balance unspent at beginning of year	-	125,784
Current year receipts	1,200,000	750,000
Conditions met - transferred to revenue	-1,200,000	-875,784
Conditions still to be met - remain liabilities	-	-
11.5 Housing Grant		
Balance unspent at beginning of year	-	-
Current year receipts	12,756,856	-
Conditions met - transferred to revenue	-10,936,878	-
Conditions still to be met - remain liabilities	1,819,977	-
11.6 Sport ground		
Balance unspent at beginning of year	524,863	325,000
Current year receipts	-	650,000
Conditions met - transferred to revenue	-524,863	-450,137
Conditions still to be met - remain liabilities	-	524,863
11.7 MAP- Admin capacity		
Balance unspent at beginning of year	484,854	-
Current year receipts	-	600,000
Conditions met - transferred to revenue	-430,705	-115,146
Conditions still to be met - remain liabilities	54,149	484,854
11.8 MAP Salginia Grant		
Balance unspent at beginning of year	1,461,129	-
Current year receipts	2,000,000	5,457,000
Conditions met - transferred to revenue	-1,733,766	-3,995,871
Conditions still to be met - remain liabilities	1,727,363	1,461,129

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
12 OTHER INCOME		
Other income:		
Tender monies	147,000	80,620
Miscellaneous Income	383,632	201,811
Traffic fines		
SDL Refunds	10,895	164,854
Total Other Income	541,527	447,285
13 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	10,284,071	8,533,376
Employee related costs - Contributions for UIF, pensions and medical aids	2,207,894	1,820,644
Travel, motor car, accommodation, subsistence and other allowances	1,577,938	1,261,919
Housing benefits and allowances	40,240	40,784
Overtime payments	556,757	541,008
Performance and other bonuses	583,420	454,258
Other employee related costs	33,218	-
Employee Related Costs	15,283,539	12,651,989
Remuneration of the Municipal Manager		
Annual Remuneration	612,149	597,142
Travel, motor car, accommodation, subsistence and other allowances	425,824	389,389
Contributions to UIF	1,497	10,177
Total	1,039,470	996,708
Remuneration of the Chief Finance Officer		
Annual Remuneration	519,883	443,745
Travel, motor car, accommodation, subsistence and other allowances	273,283	319,723
Contributions to UIF	1,497	7,987
Total	794,663	771,455
Remuneration of Corporate services Directors		
Annual Remuneration	519,883	507,138
Travel, motor car, accommodation, subsistence and other allowances	231,960	183,861
Contributions to UIF	1,497	7,041
Total	753,340	698,040
Remuneration of Technical services Directors		
Annual Remuneration	519,883	507,138
Travel, motor car, accommodation, subsistence and other allowances	282,174	241,053
Contributions to UIF	1,497	8,338
Total	803,554	756,529

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
14 REMUNERATION OF COUNCILLORS		
Mayor	205,049	189,708
Cell allowances	261,610	242,231.06
Councillors	3,012,079	2,961,432.57
Travel allowances	1,062,636	983,922.36
Total Councillors' Remuneration	4,541,374	4,377,294

In-kind Benefits

The Mayor is provided with an office and secretarial support at the cost of the Council.
The Mayor has a full time driver provided by the council.

15 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on PPE	2,609,687	1,603,126
Amortisation of Intangible Assets	21,021	
	2,630,708	1,603,126

16 CONTRACTED SERVICES

<i>Cleaning Services</i>	25,036	
<i>Security</i>	602,884	351,880
	627,920	351,880

17 GRANTS EXPENDITURE

Housing Grant	9,593,753	-
	9,593,753	-

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
18 GENERAL EXPENSES		
Included in general expenses are the following:-		0,26
Advertising	260,755	141,439
Agency Fees		11,661
Archiving	15,838	6,679
Audit Committee	101,713	74,984
Bank charges	142,064	54,246
Bursaries	42,940	92,786
Cleaning Services..	175,261	172,082
Community services	325,932	474,601
Community Busaries	400,087	
Contribution to research		67,937
Disaster Fund.	257,528	14,911
Electricity and water	1,260,574	398,909
Entertainment & Receptions	82,313	62,592
External Audit Fees..	1,091,874	918,512
Free basic energy		
Fuel and oil	543,683	479,454
Grader expenses		
Grants and donations	219,316	
HIV Awareness Campaigns	65,360	61,914
IDP Operating Projects		192,278
Insurance	217,209	
Internal Audit fees	848,961	440,836
Inventory Items		534,828
KwaNaloga Games	257,077	219,503
LED Programmes	352,600	205,308
Legal expenses	81,146	38,049
Levies and Membership fees	30,810	2,562
Licence fees -	93,369	44,520
Loose Tools	103	
Materials		1,634,239
Mayoral projects	3,023,971	130,719
Mayoral Cup	143,187	
Medical Examinations	6,491	1,650
Other		-484,587
Pauper burials		
Postage	83,012	10,996
Printing and stationery	300,204	314,427
Professional fees	5,251,969	1,223,746
Poverty Alleviation	845,939	246,158
Publicity	350,225	195,407
Purchase of books	20,217	14,148
Refreshments	262,162	102,529
Refreshments Council	107,521	130,479
Refuse removal		
Rent Copier	310,462	242,489
Rent plant , vehicles and Machinery	583,740	95,831
Sanitation	536,769	281,331
Seminar & Conferences	22,700	32,600
Small tools	1,673	18,398
Skills development levy		
Staff year end function		16,200
Street Lightning	613,052	
Stores & Material	24,369	10,197
Subsistence and travelling	770,047	475,967
Sundries	59,604	184,455
Telephone cost	727,196	623,376
Traffic Management	328,947	263,158
Training	44,640	239,907
Training - Councillors	170,614	220,076
UDM Rural Metro Shared Services		
Uniforms & Protective clothing	44,221	32,005
Youth Skills		188,600
Contribution to small assets register	805,602	
Contribution to leave		896,585
VAT clearing		
Zulu Dance	47,569	40,200
	22,352,614	12,091,877

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
19 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	6,138,326	17,510,172
Adjustment for:-		
Depreciation and amortisation	2,630,708	1,603,126
(Gain) / loss on sale of assets	-	52,865
Contribution to provisions - current	-	
Finance costs	-	
Impairment loss / (reversal of impairment loss)		
Other non-cash item	-	991
Operating surplus before working capital changes:	8,769,033	19,167,154
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade receivables	-475,726	10,543
(Increase)/decrease in other receivables	-	24,258
(Increase)/decrease in VAT receivable	1,902,059	-3,048,019
Increase/(decrease) in conditional grants and receipts	2,212,759	372,486
Increase/(decrease) in trade payables	2,315,600	218,513
Increase/(decrease) in consumer deposits	-120,489	-532,419
Cash generated by/(utilised in) operations	14,603,236	16,212,516
20 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	-194,179	3,759,769
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	-194,179	3,759,769
21 CORRECTION OF ERROR		
21.1 Trade and other receivables		
Balance previously reported	2,107,575	
Restatement	-169,603	
Restated balance	1,937,972	
The balance for Trade and other receivables was restated due to the unreconciling Age Analysis and debtors control account.		
21.2 Trade and other payables		
Balance previously reported	9,493,249	
Restatement	1,113,773	
Restated balance	10,607,022	
The balance for Trade and other payables was restated due to understatement of SARS amount payable		
21.3 Property Plant and Equipment at cost		
Balance previously reported	43,503,870	
Restatement	-1,150,601	-
Restated balance	42,353,270	
21.4 Intangible Assets at Cost		
Balance previously reported	-	
Restatement	210,206	-
Restated balance	210,206	
21.5 Amortisation of Intangible Assets		
Balance previously reported	-	
Restatement	84,697	
Restated balance	84,697	
21.6 Accumulated Surplus/(Deficit)		
Balance previously reported	28,873,027	
Property Plant and Equipment	-940,394	
Trade and other receivables	-169,603	
Trade and other payables	-1,113,773	
Restated Balance	26,649,257	

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
Restated balance	26,649,257	
 22 CHANGES IN ACCOUNTING POLICY		
22.1 Property Plant and Equipment at cost		
Balance previously reported	43,503,870	
Restatement	10,211,949	
Restated balance	53,715,819	
 22.2 Accumulated Depreciation on PPE		
Balance previously reported	7,286,631	
Restatement	115,530	
Restated balance	7,402,160	
 22.3 Impact of changes in Accumulated Surplus		
Property Plant and Equipment at cost	10,211,949	
Accumulated Depreciation on PPE	115,530	
	10,327,479	
 23 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
23.1 Fruitless and wasteful expenditure		
Opening Balance	295,934	610,115
Fruitless and wasteful expenditure- current year	1,890,885	295,934
Interest and Penalties	1,041,809	295,934
Double payments	849,076	
Condoned or written off by Council	-295,934	-610,115
Fruitless and wasteful expenditure awaiting condonement	1,890,885	295,934
 23.2 Unauthorised and irregular expenditure		
Opening Balance	3,440,006	12,542,467
SCM Deviations	-	1,323,092
Conditional grants not cash backed	4,735,482	2,116,914
Condoned or written off by Council	-3,440,006	-12,542,467
Unauthorised and irregular expenditure awaiting condonement	4,735,482	3,440,006

Mfolozi Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	2,011	2,010
	R	R
24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
24.1 PAYE, UIF & SDL		
Opening balance	6,857,837	4,198,003
Council subscriptions	3,904,866	2,765,444
Amount paid - current	-3,347,993	295,934
Amount paid - previous years		-806,249
Balance unpaid (included in payables)	7,414,710	7,873,705
24.2 Pension and Medical Aid		
Opening balance	202,482	-
Current year contributions	1,675,473	2,306,882
Amount paid - current	-1,543,363	-2,104,400
Amount paid - previous years	-202,482	-
Balance unpaid (included in payables)	132,110	202,482
24.3 Audit Fees		
Opening balance	438,037	-
Current year amount	1,091,874	918,512
Amount paid - current	-438,037	-480,475
Amount paid - previous years	-1,092,121	-
Balance unpaid (included in payables)	-248	438,037
		-
25 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
- Approved and contracted for	4,947,740	-
Infrastructure	2,231,153	-
Community	2,194,465	-
Heritage	-	-
Other	522,122	-
This expenditure will be financed from:		
- Own REVENUE	42,155	
- Government Grants	4,905,586	
	4,947,740	
- Approved but not yet contracted for	17,624,000	14,135,000
Infrastructure	2,722,500	-
Community	11,751,500	12,035,000
Heritage	-	-
Other	3,150,000	2,100,000
This expenditure will be financed from:		
- Own REVENUE	3,150,000	2,100,000
- Government Grants	14,474,000	12,035,000
	17,624,000	14,135,000

27 Going concern

Management acknowledges the unfavorable financial health of the Municipality, characterised by Payables (Note 5) of R 23,069,933, grants not cash backed and penalties and interests due to non payment of PAYE, SDL and UIF. Despite this the Municipality is guaranteed equitable share allocations that inject cash on a continuous basis. Management will table an adjustment budget cutting back some expenditure.

Mfolozi Municipality

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

as at 30 June 2011													
	Cost / Revaluation				Accumulated Depreciation								
	Opening Balance R	Additions R	Changes In Accounting Policy R	Disposals R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Impairment loss/Reversal of Impairment loss R	Closing Balance R	Transfers R	Other movements R	Carrying Value R
Land			9,603,650	-	10,404,853								10,404,853
Land			-	-	-								-
Landfill Site			-	-	-								-
Quarries			-	-	-								-
	601,003	-	9,603,650	-	10,404,853	-	-	-	-	-	-	-	10,404,853
Buildings													
Infrastructure													
Drains		6,661,916	-	-	15,810,365		523,710			2,393,350			13,417,045
Roads		-	-	-	-		-	-	-	-	-	-	-
Sewerage Mains & Purification		-	-	-	-		-	-	-	-	-	-	-
Electricity Mains		-	-	-	-		-	-	-	-	-	-	-
Electricity Peak Load Equip		-	-	-	-		-	-	-	-	-	-	-
Water Mains & Purification		-	-	-	-		-	-	-	-	-	-	-
Reservoirs - Water		-	-	-	586,432		18,548	-	-	94,320	-	-	492,112
Paving		-	-	-	342,967		16,363	-	-	116,684	-	-	223,303
Storm Water		-	-	-	-		-	-	-	-	-	-	-
Under construction	10,077,697	9,681,616	-	-	16,739,814	2,041,704	558,691	-	-	2,607,355	-	-	14,132,458
Community Assets													
Parks & Gardens		-	-	-	-		-	-	-	-	-	-	-
Libraries		871,502	-	-	3,440,308		114,677	-	-	257,871	-	-	3,182,438
Recreation Facilities		959,268	-	-	2,370,508		128,912	-	-	359,713	-	-	2,011,095
Civic Buildings		4,111,160	-	-	13,925,308		484,177	-	-	696,509	-	-	13,028,798
Stadiums		-	-	-	-		-	-	-	-	-	-	-
Community Halls		924,875	-	-	7,081,235		236,374	-	-	748,825	-	-	6,344,408
Security		147,760	-	-	300,843		49,963	-	-	127,800	-	-	172,843
Swimming Pools		-	-	-	-		-	-	-	-	-	-	-
Cemeteries		-	-	-	-		-	-	-	-	-	-	-
	20,013,748	7,114,574	-	-	27,128,321	1,394,618	894,103	-	-	2,368,721	-	-	24,739,580
Total carried forward	30,892,627	13,776,490	9,603,650	-	54,272,867	3,442,322	1,553,763	-	-	4,966,073	-	-	49,276,892

Mfolozi Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011													
	Cost / Revaluation			Accumulated Depreciation							Carrying Value R		
	Opening Balance R	Additions R	Changes in Accounting Policy R	Disposals R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Impairment loss/Reversal of Impairment loss R	Closing Balance R		Transfers R	Other movements R
Total brought forward	30 692,827	13,776,490	9,603,850	-	54,272,697	3,442,322	1,553,753	-	-	4,998,075	-	-	49,276,892
Other Assets													
Office Equipment	317,789	292,873	52,323	-	662,982	171,136	92,113	-	-	263,250	-	-	399,732
Furniture & Fittings	585,628	208,120	11,341	-	806,269	222,143	80,628	-	-	302,772	-	-	803,618
Bins and Containers	25,000	-	-	-	25,000	14,728	5,000	-	-	19,728	-	-	5,271
Specialised Vehicles	3,267,806	-	-	-	3,267,808	1,294,400	926,781	-	-	1,621,181	-	-	1,646,627
Other vehicles	550,587	-	181,472	-	732,059	325,850	108,638	-	-	434,788	-	-	297,271
Buildings	5,622,035	924,739	-	-	6,546,774	1,371,028	218,228	-	-	1,598,252	-	-	4,957,522
Specialised Plant & Equipment	669,053	-	-	-	669,053	295,778	85,906	-	-	331,881	-	-	334,172
Computer Equipment	625,547	-	182,983	-	758,510	284,908	168,012	-	-	462,921	-	-	395,699
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	11,690,643	1,426,732	408,069	-	13,495,474	3,549,465	1,068,304	-	-	5,015,773	-	-	8,478,702
Total	42,883,270	15,203,223	10,211,949	-	87,768,441	7,391,790	2,620,058	-	-	10,011,849	-	-	57,756,593

Mfolozi Municipality
APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation			Accumulated Depreciation			Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	
	R	R	R	R	R	R	R
Executive & Council	43,503,870	15,203,223			67,768,441	(3,314,462)	(10,011,848)
Finance & Admin							
Planning & Development							
Health							
Community & Social Services							
Public Safety							
Sport & Recreation							
Environmental Protection							
Waste Management							
Road Transport							
Water							
Electricity							
Other							
Total	43,503,870	15,203,223	-	-	67,768,441	(3,314,462)	(10,011,848)
						(2,609,687)	57,756,594

APPENDIX C

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2011

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Ntambanana Municipality

APPENDIX D

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

as at 30 June 11

Description	Original Budget		Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)		Virement (i.t.o. Council Approved By-law)		Final Budget		Actual Income		Unauthorised Expenditure		Variance		Actual Income As % Of Final Budget	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Financial Performance																
Property Rates	3,975,950								5,380,607						135%	
Service charges	207,748								211,048						102%	
Rental of facilities and equipment	120,000								89,308						74%	
Interest earned - external investments	60,000								18,778						31%	
Interest earned - outstanding receivables									172,824						#DIV/0!	
Fines									123,976						5%	
Government grants and subsidies	2,500,000								57,770,384						127%	
Public contributions and donations	45,545,933								19,562						#DIV/0!	
Other Own Revenue	185,500								541,527						292%	
Total Revenue (Excluding Capital Transfers & Contributions)	52,595,131								64,328,014						#DIV/0!	
Employee Costs	14,820,986								15,283,539						103%	
Remuneration Of Councilors	4,794,247								4,541,374						95%	
Depreciation and amortisation expense		1,200,000							2,630,708						219%	
Repairs and maintenance	1,900,000								2,117,971						132%	
Contracted services	350,000								627,920						314%	
Grants expenditure									9,405,110						#DIV/0!	
General expenses	15,894,900								22,352,111						140%	
Total Expenditure	37,460,133								56,968,733						#DIV/0!	
Surplus/(Deficit)	15,134,998								7,369,281						#DIV/0!	
Transfers Recognised - Capital Contributions Recognised - Capital & Contributed Assets																
Surplus/(Deficit) After Capital Transfers & Contributions	15,134,998								7,369,281						#DIV/0!	
Share Of Surplus/(Deficit) Of Associate																
Surplus/(Deficit) For The Year	15,134,998								7,369,281						#DIV/0!	
Capital Expenditure & Funds Sources																
Capital Expenditure																
Transfers Recognised - Capital(M/G)																
Total Sources Of Capital Funds	12,035,000								-10,952,883						-0.910085843	
	12,035,000								-10,952,883						-0.910085843	
Cash flows																
Net Cash From (Used) Operating																
Net Cash From (Used) Investing																
Net Cash From (Used) Financing																
Net increase / (decrease) in net cash and cash equivalents									14,603,236						#DIV/0!	
									-15,203,223						#DIV/0!	
									-599,987						#DIV/0!	

Audit Committee Certificate

Certificate in terms of Section 166(2) of the Local Government Municipal Finance Management Act No 56 of 2003

I, VUSI NKOSI acting in my capacity as Chairman of the Audit Committee of the Mfolozi Municipality, hereby certify that the Audit Committee has reviewed the 2010/2011 Annual Financial Statements published on pages 45 to 84 as required in terms of Section 166(2) of the Local Government Municipal Finance Management Act, No 56 of 2003 and express the view that the Financial Statements portray the efficiency and effectiveness of the municipality and its overall compliance with the Municipal Finance Management Act.

16 January, 2012

KwaMbonambi

